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FISCAL IMPACT STATEMENT

LS 6977

BILL NUMBER: HB 1347

NOTE PREPARED: Jan 9, 2006

BILL AMENDED:

SUBJECT: Various Education Matters.

FIRST AUTHOR: Rep. Messer

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: *Dropouts:* This bill adds financial hardship and illness to the reasons a student may withdraw from high school before graduating.

Annual Report: The bill requires the following information to be included in a school's annual report: (1) The number of student work permits revoked. (2) The number of student driver's licenses revoked. (3) The number of students suspended for any reason. (4) The number of students who have not advanced to Grade 10 due to a lack of completed credits. The bill requires an annual review of a student's career plan and requires remediation programs if needed.

Compulsory Attendance: The bill makes it a compulsory school attendance violation, with certain defenses, for a child under 18 years of age to be in a public place during school hours on a school day. It allows an excused absence for a student who attends an educationally related nonclassroom activity, and requires each school corporation or chief administrative officer of a nonpublic school to: (1) maintain a record of such activities; and (2) report the information to the Department of Education annually.

High School Diploma: The bill allows Ivy Tech Community College of Indiana and Vincennes University to offer high school completion programs in which a qualified student may earn a high school diploma while also earning credits for a certificate program or an associate's degree. It allows the Department of Education to authorize other state educational institutions to establish a high school completion program. The bill also requires a school corporation to pay the tuition for high school diploma courses taken by certain students who are less than 19 years of age.

Effective Date: July 1, 2006.

Explanation of State Expenditures: *Dropouts:* Allowing students to only withdraw from school for financial hardship or illness may decrease the number of students who dropout. The number of students that withdraw from schools for reasons other than financial hardship or illness is unknown. Depending on the school formula and the number of students that may stay in school, the state could have an increase in school formula expenditures. For CY 2007, the additional state cost of a student is about \$5,362. Over the last 5 years about 7,500 students dropped out annually. If the bill reduces the number of dropouts by 10% (or retained these children in school), then the increase in the school formula would be about \$4.0 M. The school formula has a maximum state expenditure in a calendar year. If the school formula distributes more than the maximum, then the distribution is proportionately reduced so the distribution does not exceed the maximum. If the school formula distribution is reduced, then there could be a shift in formula dollars from one school corporation to another.

High School Diploma: Allowing a student to earn a high school diploma from Ivy Tech Community College of Indiana or Vincennes University while earning credits for a certificate program or an associate's degree could increase expenditures by these colleges depending on the number of courses required for the high school diploma taken that are not required for the certificate or degree. These expenses would be offset by tuition charged.

This bill also allows the Department of Education (DOE) to authorize any college or university in Indiana to establish a high school completion program. This is a *may* provision, so any impact on those entities' expenditures would be dependent on the authorization and implementation of this program.

Explanation of State Revenues:

Explanation of Local Expenditures: *Dropouts:* Allowing students to only withdraw from school for financial hardship or illness reasons may decrease the number of students that drop out. The number of students that withdraw from schools for reasons other than financial hardship or illness is unknown. Schools could have some increased costs due to the possible increase in enrollment.

Annual Report: The addition of the five items to the annual report could increase the cost of compiling the report. The increase in expense is probably minor.

Compulsory Attendance: The provisions of the bill should have minor, if any, fiscal impact on schools.

High School Diploma: The bill *allows* a student who has dropped out of school and is between ages 17 and 19 to earn a high school diploma from Ivy Tech Community College or Vincennes University while earning a certificate or associate's degree. The local school is required to pay for the high school-level courses taken if the student had passed:

1. The graduation examination;
2. The general educational development (GED) examination; or
3. An examination equivalent to the graduate examination.

Background: For 2005-2006, the cost of a 3-credit-hour class for Ivy Tech College is \$252.85 and is \$337.29 for Vincennes University. Over the last 5 years about 7,500 students dropped out annually. If 10% of the students went to college and needed 12 credit hours to graduate, then the tuition expenses could range

from \$759,000 to \$1 M, or approximately \$1,011 to \$1,349 per student. Any increase in local school expenditures would be dependent on local action.

Explanation of Local Revenues:

State Agencies Affected: Department of Education; Ivy Tech Community College of Indiana; Vincennes University.

Local Agencies Affected: School Corporations.

Information Sources: Department of Education databases.

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